

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 L-03 FRB-03 OMB-01
ITC-01 SP-02 USIA-06 AGRE-00 AID-05 CIAE-00
COME-00 INR-07 IO-13 LAB-04 NSAE-00 OIC-02 EPG-02
SIL-01 STR-04 TRSE-00 CEA-01 /082 W
-----032719 130903Z /20

P R 130801Z JUL 77
FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 2274
INFO USMISSION BRUSSELS
AMEMBASSY TOKYO
AMEMBASSY LONDON

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E.O. 11652: NA
TAGS: EAGR, RP
SUBJECT: SUGAR: ISA: US PLAN FOR STOCKHOLDING AND FINANCING

REF: A. STATE 157273, B. STATE 157952, C. STATE 157953
D. MANILA 10497

1. FOLLOWING UP ON CHARGE'S BRIEFING OF PRESIDENT MARCOS
(REF D), ECONOMIC COUNSELOR DISCUSSED CONTENT OF STATE
REFTELS CONCERNING UP-COMING SUGAR WORKING GROUP IN
LONDON WITH AMBASSADOR BENEDICTO. BENEDICTO COMMENTED
THAT NEW U.S. POSITION ON STOCKS AND FINANCING APPEARED
FORTHCOMING AND REPEATED THAT, IN LINE WITH PRESIDENT
MARCOS' ASSURANCES TO SECRETARY OF AGRICULTURE BERGLAND,
GOP WILL SUPPORT US POSITION IN ISA CONFERENCE WHEN
CHIPS ARE DOWN. ECON COUNSELOR RE-EMPHASIZED IMPORTANCE
U.S. ATTACHES TO ISA AND URGED THAT GOP BE REPRESENTED
AT POLICY MAKING LEVEL DURING LONDON TALKS. BENEDICTO
REPLIED THAT HE WOULD BE GOING TO LONDON JULY 18, AND WOULD
CONTACT ASSISTANT SECRETARY KATZ FOR
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DISCUSSIONS. BENEDICTO IMPLIED HOWEVER THAT HE WOULD
ONLY BE IN LONDON FOR A SHORT PERIOD.

2. WITH REGARD TO THE PARTICIPATING CONTRACTS,
BENEDICTO CONFIRMED THAT GOP IS CONCERNED THAT U.S.
REFINERIES ARE USING CONTRACTS TO UNDER-PRICE
COMPETITORS IN THE U.S. REFINED SUGAR

MARKET, AND POINTED OUT THAT SECRETARY BERGLAND HAD STATED THAT HE WAS UNDER CONSIDERABLE PRESSURE FROM THE U.S. SUGAR INDUSTRY CONCERNING LOW COST SUGAR CHanneled THROUGH THE PARTICIPATING CONTRACTS. AMBASSADOR BENEDICTO SAID THAT GOP DID NOT RPT NOT WANT THESE CONTRACTS TO DRAW U.S. IRE, AND, IN ANY CASE, IT IS NOT RPT NOT IN BEST INTEREST OF THE PHILIPPINES TO ENCOURAGE DOWNWARD PRESSURE ON SUGAR MARKET.

3. COMMENT: REGARDING LONDON TALKS IT APPEARS UNLIKELY THAT AMBASSADOR BENEDICTO WILL TAKE ACTIVE ROLE IN SUGAR CONSULTATIONS. HOWEVER, ON THE POSITIVE SIDE, THE GOP MIGHT BE WILLING TO THROW ITS WEIGHT BEHIND U.S. APPROACH TO BREAK A DEADLOCK. ESSENTIAL DIFFICULTY IN MOBILIZING GOP SUPPORT IS THAT ONLY BENEDICTO HAS MARCOS' CONFIDENCE AND BENEDICTO IS SPREAD MUCH TOO THIN TO FOCUS HIS ATTENTION ON ISA. ALSO, WE BELIEVE MARCOS (AND HIS ADVISORS) REMAIN DEEPLY SKEPTICAL THAT VIABLE ISA IS NEGOTIABLE.
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